

Food Services Leases

ACT Aquatic and Recreation Centre and Kinsmen Sports Centre

Recommendation

That the authority to enter into a lease agreement for food services at each of the ACT Aquatic and Recreation Centre and Kinsmen Sports Centre, as outlined in the December 4, 2019, Citizen Services report CR_7744, be approved.

Executive Summary

The *Municipal Government Act* requires that the municipality disposing of an interest in land (which would include a lease), on public park, or recreation or exhibition grounds must advertise the proposed disposition. After a period in which the public may file a petition has elapsed (without a petition being filed), City Council may pass a resolution approving the disposition. Advertising and City Council approval are being undertaken in advance of selecting a tenant for each location.

Report

ACT Aquatic and Recreation Centre and Kinsmen Sports Centre have had food services available to visitors for many years. The existing license agreement with Red Table was terminated as of October 31, 2019. Administration is seeking to establish food service at each facility by lease rather than the previously used license agreement.

A lease will provide a tenant long-term security enabling tenants to better plan for the future and for the varying attendance during opening hours associated with this type of venue. The proposed lease would also require the tenant to maintain the City-owned equipment in the leased premises.

Compliance with the *Municipal Government Act* is required for a lease on recreation grounds. Section 70 of the *Municipal Government Act* states that disposing of an interest in land (subject to certain exceptions) at either below market value, or on park, recreation or exhibition grounds, must first be advertised. After a 60 day period, if no petition is filed by the public in opposition to the proposed disposition, subsection 231(9) states that council may pass a resolution (approving the disposition). Therefore, the proposed leases at ACT Aquatic and Recreation Centre or Kinsmen Sports Centre must be at market value, or to a non-profit organization (and would have to be readvertised if not).

Notice of intention to lease land in a public park or recreation or exhibition grounds was completed through advertisement in the Edmonton Journal over two consecutive weeks (September 27, 2019 and October 4, 2019). The notice of intention stated that the City of Edmonton proposes to lease portions of the ACT Aquatic and Recreation Centre and Kinsmen Sports Centre for the purpose of a restaurant kitchen. Provided no petitions are received during the 60 day petition period, ending on December 3, 2019, the recommended motion may be passed.

A request for submissions for potential tenants has been issued and proposals will be evaluated based on standard leasing criteria, in addition to the following elements of the Fresh: Edmonton's Food and Agriculture Strategy:

- a stronger, more vibrant local economy
- a healthier, more food secure community
- healthier ecosystems
- less energy, emissions and waste
- more vibrant, attractive and unique places

Once tenants for each location have been selected, Administration will negotiate, and enter into leases for each location.

Public Engagement

Public Engagement was not undertaken as the request for submissions follows standard City procedures.

Corporate Outcomes and Performance Management

Corporate Outcome: The City of Edmonton has sustainable and accessible infrastructure			
Outcome	Measure	Result	Target
Customers are satisfied with the ACT Aquatic and Recreation Centre and Kinsmen Sports Centre services	Percent of customers satisfied with the ACT Aquatic Recreation Centre and Kinsmen Sports Centre (Customer Satisfaction Survey)	<u>ACT Aquatic and Recreation Centre</u> 2018: 95 percent 2017: 92 percent <u>Kinsmen Sports Centre</u> 2018: 92 percent 2017: 92 percent	90 percent
	Percent of customers that believe the services at the ACT Aquatic Recreation Centre and Kinsmen Sports Centre are beneficial (Customer Satisfaction Survey)	<u>ACT Aquatic and Recreation Centre</u> 2018: 92 percent 2017: 92 percent <u>Kinsmen Sports Centre</u> 2018: 97 percent 2017: 92 percent	90 percent

Risk Assessment

Risk Element	Risk Description	Likelihood	Impact	Risk Score (with current mitigations)	Current Mitigations	Potential Future Mitigations
If recommendation is approved						
Commercial	No tenant is found and/or will not agree to the terms stipulated	2 - Unlikely	3 - Major	6 - Low	Work with current lease partners and/or new food service vendors to find a suitable lease partner	n/a
Commercial	The tenant does not maintain the equipment as stipulated in the agreement	2 - Unlikely	2 - Moderate	4 - Low	Work with the tenant to ensure they are meeting their agreement requirements	n/a
If recommendation is not approved						
Customers/ Citizens	No food services available to ACT and KSC patrons	3 - Possible	3 - Major	9 - Medium	Recommendation to enter into a lease agreement	n/a

Others Reviewing this Report

- C. Owen, Deputy City Manager, Communications and Engagement
- A. Laughlin, Acting Deputy City Manager, Financial and Corporate Services
- B. Andriachuk, City Solicitor